

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:225

ANSWERED ON:18.03.2005

FDI IN BANKS

Rao Shri Devarakonda Vittal;Singh Shri Mohan

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is proposing to allow up to 74 percent Foreign Direct Investment (FDI) in public sector banks/private banks;
- (b) if so, the details thereof;
- (c) whether the Government has prepared any guidelines in this regard; and
- (d) if so, the details thereof?

**Answer**

FINANCE MINISTER (SHRIP. CHIDAMBARAM)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.225 FOR 18th MARCH 2005 REGARDING FDI IN BANKS TABLED BY SHRI D. VITTAL RAO AND SHRI MOHAN SINGH

(a) & (b): In pursuance of a Budget announcement made on February 28, 2003, the Government issued a notification on March 5, 2004 raising the Foreign Direct Investment (FDI) limit in private Banks from 49% to 74%. This includes investment by Foreign Institutional Investors (FII). No change has however, been made in the existing statutory ceiling of 20% FDI in public sector banks.

(c) & (d): To implement the above decision, Reserve Bank of India has announced a Road Map on 28.02.2005 for presence of foreign banks in India. This Road map is available on RBI's website i.e. [www.rbi.org.in/notification](http://www.rbi.org.in/notification).